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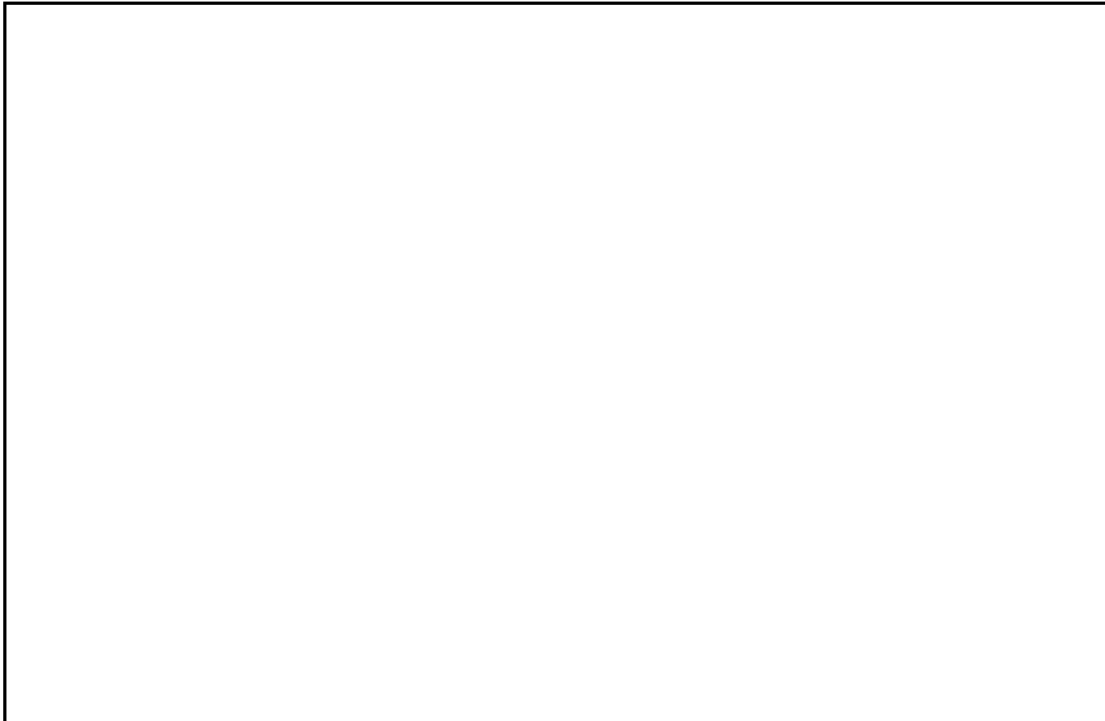
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Cambodia: The military situation is generally calm, following the government's move into Kirirom.

The week-long battle for the resort town tapered off yesterday, and the commander of the government forces at Kirirom claims that the situation has stabilized. Four government battalions reportedly are in the center of the town, with four others deployed nearby. Many enemy troops apparently slipped away during a lull in the fighting, when government forces ran out of ammunition, but an estimated 250 Communist troops apparently remain in the area.

In the only other major Communist action reported in the country, enemy elements kept up their renewed attacks on the Lovek ordnance depot, northwest of Phnom Penh. The government garrison at Lovek probably can count again on heavy air strikes to help it maintain its position.



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South Vietnam: The government is adopting an increasingly hard line against dissent that tends to undercut the war effort.

President Thieu warned in a speech to a military audience earlier this week that "we will beat to death the people who are demanding immediate peace in surrender to the Communists." Some of his speech was obviously calculated to reassure the army that the regime will not countenance eventual coalition with the Communists. In this vein, for example, Thieu said, "I am ready to smash all movements calling for peace at any price because I am still much of a soldier."

Following Thieu's lead, National Police Chief Hai has warned the public that the police will use more forceful measures to break up peace demonstrations. This tougher attitude was reflected on 17 July when police invaded a school building and battled students after speakers advocated ending university military training.

Meanwhile, senior government officials are reportedly being systematically indoctrinated against encouraging any form of coalition or neutralist government.



These measures are clearly aimed at curbing additional public manifestations of antiwar sentiment. Last weekend militant students, abetted by visiting US antiwar agitators, staged a brief demonstration in Saigon calling for an end to the war. Some student leaders hope to turn such protests into a nationwide movement based on peace and anti-US themes. Militant Buddhist elements also renewed

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their peace campaign recently, publicly calling for a cease-fire and the establishment of a provisional government for both North and South Vietnam.

The government probably views the problem of antiwar dissent with greater urgency now because of a new feeling in South Vietnam that some sort of movement in the Paris negotiations is likely in the near future. According to the US Embassy, the government is clearly nervous about any new formulations on political settlement. This was manifested recently when the Saigon press was asked to delete some remarks by Secretary Rogers on 15 July concerning the possibility that the Communists might be willing to negotiate. [REDACTED]

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Laos: A serious Pathet Lao effort to initiate high-level negotiations with the Laotian Government may be imminent.

According to Pathet Lao spokesman Soth Peth-rasy, a high-ranking messenger from Communist leader Souphanouvong is expected to arrive shortly in Vientiane empowered to discuss "points of view that might lead to a peaceful settlement." Soth asserted that if an agreement to talk were reached between Souvanna and the Pathet Lao envoy, the ensuing negotiations would be the most important between the Lao factions since 1961 and would be regarded by the Communists as a "summit meeting."

In discussing the substance of the possible negotiations, Soth omitted any mention of the usual Communist demand that a total halt in US bombing be a precondition for a discussion of the issues. Instead, the Pathet Lao representative stated that a termination of the bombing could be one of the two main questions to be dealt with during the negotiations.

The second major question, according to Soth, would be the composition of the coalition government. He thought that the Communists would be interested in only four ministerial seats and would expect equal representation for the neutralists. Soth stressed that the Pathet Lao anticipated negotiations without foreign intervention and wanted no part of a larger Indochina settlement involving the US and the North Vietnamese.

The Communists' fear of possible allied plans for coordinated military moves against infiltration routes in the Laotian panhandle may be one reason for their current efforts to give the appearance of serious movement on negotiations. Whatever the case, if the Communists do intend to make a bid for negotiations along these lines, Souvanna Phouma can be expected to work for a forthcoming response on the part of the Laotian Government. The accuracy of Soth's information will be in doubt, however, until the arrival of Souphanouvong's messenger.

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Communist China - USSR: The deadlocked border talks are continuing despite the absence of the chief Soviet negotiator, Deputy Foreign Minister Kuznetsov.

A Soviet Foreign Ministry official told US Embassy officers on 15 July that since Kuznetsov returned to Moscow on 30 June the discussions have been supervised by his deputy, General Gankovsky. Kuznetsov reportedly is recovering from the illness that forced his departure from Peking, but the Soviet official hinted that he would not be returning to the talks.

Neither Soviet nor Chinese officials have commented on recent Western press reports from Moscow claiming that Deputy Foreign Minister Ilichev has been designated as Kuznetsov's replacement in the Peking talks. Ilichev, who was Khrushchev's chief propagandist and who was closely associated with the anti-Chinese polemics of the early 1960s, has been in partial disfavor since Khrushchev's ouster.

Although the Chinese would probably view Ilichev's appointment with some disfavor, his designation would satisfy their desire to have the talks continue at the deputy foreign minister level. At the same time, it would permit Moscow to assign ace troubleshooter Kuznetsov to more productive work.

Soviet officials, meanwhile, have informed the US that the widely rumored exchange of ambassadors between Moscow and Peking will take place "soon." Other diplomats in Moscow report that the Chinese, after a three-month delay, have finally approved Moscow's choice, reported to be a former high-ranking propaganda official, Vladimir Stepanov. Western diplomats in Peking also add that China has in fact reciprocated by nominating its own candidate to Moscow. Thus far, however, there has been no confirmation of these reports from the Chinese.

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Czechoslovakia: The Husak regime is trying hard to close the book on the Dubcek issue.

In its definitive interpretation of his role in the 1968 reform movement, published on Thursday, the party intended to destroy what it considers the false Dubcek legend. The article discredited the former leader's personal character, and said his weaknesses led to the most severe crisis in the party's history.

The article, however, does not depict Dubcek as the principal villain behind the liberal movement but rather as a dupe of "anti-Socialist forces" who were able to divert the party's attention following the legitimate ouster of ex - party leader Novotny. Dubcek's tenure, then, was an aberration, brought on by an overemphasis of party "unity" when the party should have sought a more qualified man.

By emphasizing the shortcomings of the Dubcek as well as the Novotny eras, the Husak regime seems to be making a more determined effort to blunt charges by party hardliners, many of whom are ex - Novotny men, that it is too lax in solving the country's problems.

The Dubcek issue itself clearly remains a vexatious political problem for the regime. He is still a popular figure not only with the public but also among the party rank and file. His reputation, buttressed by his refusal to recant in the face of extreme pressure, has been an important obstacle in the party's campaign to win popular support. By taking such pains to justify Dubcek's recent expulsion from the party--the ultimate political denigration--the leadership evidently hopes to deflate his image.

The article falls short of accusing Dubcek of criminal actions, however, suggesting that a political trial--which for Husak would be a political setback--is not in the cards.

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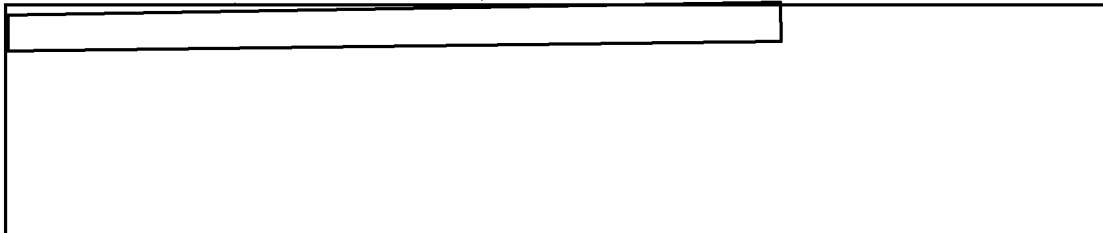
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Jordan: Extremist fedayeen groups may have already begun to disregard the recent agreement between the government and the fedayeen.

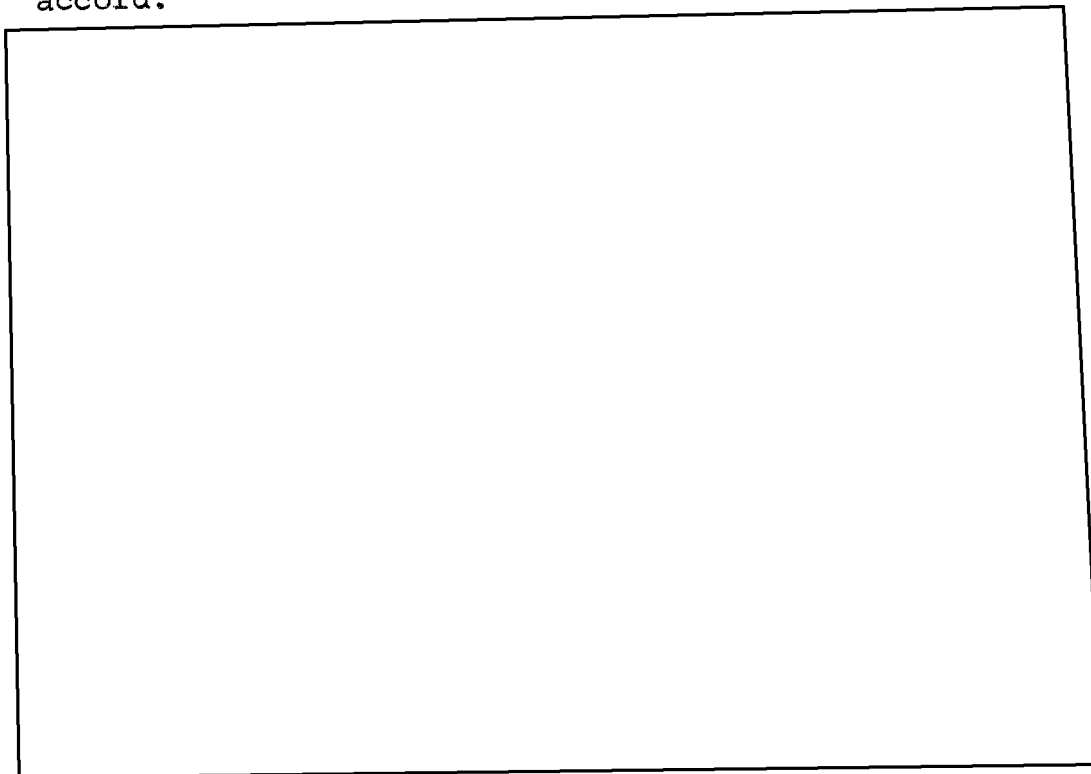
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In an interview published in the Fatah newspaper, Habbash stressed that his attitude toward the agreement was dependent on whether the army withdraws from around Amman and whether the government dissolves the "special organs" supposedly created to undermine the fedayeen movement. Previous fedayeen demands for these two moves were resisted by the government and were not included in the 10 July accord.

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Israel: The death of Interior Minister Haim Moshe Shapiro, long-time chief of Israel's largest religious party, the National Religious Party (NRP), seems certain to accelerate a struggle for control between the party's moderate and extreme factions.

Shapiro, although a conservative, was one of the cabinet's most influential doves. He prevented the NRP from taking a rigid stand on the future of the occupied Arab territories in the face of strong pressures, and he moderated many of the religious extremist demands that frequently threatened the stability of the cabinet. The US Embassy believes that the outcome of the struggle for control in the NRP could affect the balance of forces across the Israeli political spectrum and in the cabinet.

The NRP holds 12 seats in the 120-member Knesset and three posts in the 24-member cabinet.

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USSR-Egypt: The communiqué issued at the conclusion of President Nasir's visit to Moscow yesterday was primarily a recapitulation of previously stated positions and gave little hint of what specific decisions were reached. It did say, however, that the two sides discussed "means and methods for achieving a peaceful settlement" in the Middle East and that they agreed "to continue their coordination in this direction." The declaration phrased in standard terms both countries' commitment to a political settlement based on the November 1967 Security Council resolution and Israeli withdrawal from all the occupied territories. The Soviets also reiterated their readiness to provide the Arabs with "necessary aid" for the struggle against Israel.

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Dominican Republic: Security forces shot and killed Communist leader Otto Morales on 16 July in Santo Domingo. Morales, who headed the Dominican Popular Movement (MPD), reportedly was behind the kidnaping of the US air attaché last March. Terrorist reprisals are a possibility, but the recent arrest of Rafael Taveres and Morales' death have robbed the MPD of two of its more effective leaders. In addition, the special security measures authorized by President Balaguer two weeks ago have proved effective in reducing leftist violence.

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Venezuela: Petroleum companies apparently are going to take full advantage of the recent increase in US quotas for Venezuelan oil. Some Venezuelan companies initially were doubtful that they could increase exports because of limited spare production and refining capacity. Venezuelan oil production already is at peak levels, benefiting from restrictions on oil production by Libya and the rupture of a major oil pipeline in the Middle East. A survey conducted this month by the government, however, indicates that the companies will be able to expand production enough to meet the increased import quota in the next six months.

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